

# Impact of Micro-Financing on Women Empowerment in Bangladesh

K. M. Anwarul Islam<sup>1</sup>

<sup>1</sup> Department of Business Administration, The Millennium University, Dhaka, Bangladesh

E-mail: ai419bankingdu@gmail.com

Correspondence: C/O K. M. Kamal Uddin, Deputy Registrar, Registrar's office, Room No-201(K), Dhaka University, Dhaka-1000, Tel: +8801768343171.

Received: August 01, 2016

Accepted: August 05, 2016

Online Published: August 10, 2016

## Abstract

Micro financing is a very popular form of financing for rural poor people, especially for women. Through micro financing many rural women changed their life. They change their living standard, children health, children education and so on. The aim of this research work is to examine the role of microcredit in income generating activities of women and its impact on their socio-economic empowerment. The target population of the research was those sample both men and women who had availed microcredit facilities from some microcredit providing institutions or organizations in district Noakhali, Bangladesh. During this research, we also include some male sample to compare percentage of self-employment. Survey method was used as techniques of data collection. The majority of population was illiterate or semi-literate, so interview schedule was used as a tool of data collection. We have collected information of 109 sample including both male and female. But majority are female. Descriptive as well as non parametric test was used for data analysis. The results showed that most of the females who availed the facility of microcredit finally got socioeconomic empowerment through acquiring the self esteem, business skills, confidence level, decision making power, etc. The findings of the research showed that microcredit has significant impact on the up lift of socio-economic empowerment of the borrowers in district Noakhali and at the end of the research, some recommendations is given in this regards.

**Keywords:** Micro-Financing, Women Empowerment, Poverty.

**JEL Classification:** M54, O16, Q12.

## 1. Introduction

Micro financing is not a new concept. Small microcredit operations have existed since the mid 1700s. Although most modern microfinance institutions operate in developing countries, the rate of payment default for loans is surprisingly low - more than 90% of loans are repaid. (Kavitha N., 2017). Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance. Like conventional banking operations, microfinance institutions must charge their lenders interests on loans. While these interest rates are generally lower than those offered by normal banks, some opponents of this concept condemn microfinance operations for making profits off of the poor. The World Bank estimates that there are more than 500 million people who have directly or indirectly benefited from microfinance-related operations. (Chowdhury, J., 2009). Microfinance refers to a variety of financial services that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances. Microloans are given for a variety of purposes, frequently for microenterprise development. The diversity of products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially

for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal financial sector (Hubka, A.; Zaidi, R, 2005). Microfinance is one of the powerful tools for the poor to fight against poverty in Bangladesh. Since nearly last three decades the NGOs-MFIs have been providing millions of microcredit loans to the poor and have already reduced much poverty in Bangladesh. With these services at least they have achieved some sort of positive social change by improving their food and nutrition security (Khan, A., 2008). There are about three billion people, half of the world's population, living on the income of less than two dollars a day. Among these poor communities, one child in five does not live to see his or her fifth birthday<sup>1</sup>. One study in 2006 showed that the ratio of the income between the 5% richest and 5% poorest of the population is 74 to 1 as compared to the ratio in 1960, which was 30 to 12. To enhance international development, the United Nations Organization (UNO) announced the millennium development goals, aimed to eradicate poverty by 2015<sup>3</sup>. In this regard, microfinance is the form of financial development that has its primary aim to alleviate the poverty<sup>4</sup>. Governments, donors and NGOs around the world responded enthusiastically with plans and promised to work together towards the realization of these goals. In the recognition of microfinance, the UNO celebrated the year 2005 as a year of micro-credit<sup>5</sup>, as a result this financing instrument is perceived worldwide as a very effective mean against hunger and poverty, mainly in developing countries (Rahman, H., 1995). To me microfinance is an important tool to eradicate poverty and women empowerment. Though there are some arguments against the microfinance. Someone may say that the interest of the microfinance is significantly high than other financial institutions. But I think due to easy access of this MFIs loan it's very attractive to the rural people especially for women. In this paper we tried to focus on the women sample mainly but side by side also take some male sample. So that it will be easy to show the women empowerment due to microfinance (Murray, U., Boros, R, 2002).

Microfinance is not a new development. Some developed countries as well as developing countries particularly in Asia have a long history of microfinance. During the eighteenth and nineteenth centuries, in number of European countries, microfinance evolved as a type of the informal banking for the poor. Informal finance and self-help have been at the foundation of microfinance in Europe. The early history of microfinance in Ireland can be traced back to 18th century. It is a history of how self-help led to financial innovation, legal backing and conducive regulation, and creating a mass microfinance movement. But the unpleasant regulations promoted by commercial banking brought it down. The so-called Irish loan funds appeared in early eighteenth as charities, initially financed from donated resources and offering interest free loans. They were soon replaced by financial intermediation between savers and borrowers. Loans were granted on short-term basis and installments were scheduled on weekly basis. To enforce the repayment, monitoring process was used (Seibel Hans D. October, 2005). Though Professor Dr. Muhammad Yunus and his established Grameen Bank was awarded equally 2006's Nobel Peace prize "for their efforts to create economic and social development from below" by providing the first micro financing to the poor in Bangladesh; knowledge of microcredit has come a long way according to the world history. Shore bank was the first microfinance and community development bank founded 1974 in Chicago. During the mid of 1800s the theorist Lysander Spooner was writing the benefits from small credits to the entrepreneurs and farmers to get the people out of poverty. But it was at the end of World War II with the Marshall Plan the concept had a big impact. A renowned economical historian Timothy Guinnane at Yale has been doing some research on Friedrich Wilhelm Raiffeisen's village bank movement in Germany. The bank was founded in 1864 and had reached 2 million rural farmers by the year 1901. The research means that it was already proved at that time; microcredit could pass the two tests - concerning people's payback moral and the possibility to provide the financial service to the poor. Another organization in Quebec named The Caisse Populaire movement grounded by Alphonse and Dorimène Desjardins, which was also concerned about the poverty, and passed microcredit's those two tests. They founded the first Caisse between 1900 and

1906 and in order to govern them they passed a law in the Quebec assembly; they risked their private assets and consequently they must have been very sure about the idea of microcredit. But today's use of micro financing term and modern micro financing shaping has roots in the 1970s by the microfinance pioneer Dr. Muhammad Yunus and his established Grameen Bank in Bangladesh. A new wave of microfinance initiatives introduced many new innovations into the sector at that time, many experiment began to the poor with loan by many pioneering enterprises. The fact was revealed from the experimental programs that, the poor people can be relied on repay their borrowed amount and thus made possible to provide financial services to the poor people through market based enterprises without subsidy and that is the main reason why micro financing was dated to the 1970s (Moula, F.E., Guotai, C. & Abedin, M.Z, 2013).

The evolution of microcredit programs for the poor in Bangladesh was embedded from an experimental project, which was first tried by the father of microfinance Muhammad Yunus in 1976. According to Shahidur R. Khandker (1998), the project was a test whether the poor were creditworthy and whether the credit could be provided without physical collateral. Later on, Yunus's project was supported with the assistance of the central bank of Bangladesh and fund provider IFAD. The project became successful almost seven years' of experimentation and thus Yunus established The Grameen Bank in 1983. In 1972, BRAC established in Bangladesh as a charitable organization with a view to help relocate households displaced during the 1971 liberation war against Pakistan. F.H Abed, the founder of BRAC experienced that the relief work is inadequate to alleviate poverty in the country since he understood the causes of rural poverty. Therefore he developed BRAC as a framework for poverty alleviation. Then the government of Bangladesh launched a group-based targeted credit approach based on the Comilla model by following the examples of Grameen Bank and BRAC. Later on, Comilla model was adapted throughout the nation as part of the Integrated Rural Development Program (IRDP), which was replaced by the name of Bangladesh Rural Development Board (BRDB) in 1982 under the Ministry of Local Government, Rural Development and Cooperatives as a semiautonomous government agency. In order to increase the income and employment opportunities for the rural poor, BRDB primarily focused on both for men's and women's skills development, training in group leadership and management, access to credit and savings mobilization, etc. Finally, this program was strengthened in 1988 by the Canadian International Development Agency's (CIDA) fund and renamed as the Rural Development Project- 12 (RD-12). Besides following the small group delivery approach of Grameen Bank, RD-12 also adopted BRAC's skill development approach for promoting productivity of the poor (Shahidur, R. K, 1998).

The effectiveness of Grameen Bank can be contributed in part to the group support women get as each borrower has to be part of a group of five non-relative friends who support the borrower and help in decision-making processes. This group encourages the borrower to meet loan payments and benefits the community in more ways than just economically. Ten to twelve of such groups come together every week in so-called centers, providing community engagement and unifying groups of friends and neighbors. Hence, the other major non-economic effect of Grameen microcredit loans is the direct empowerment felt by women borrowers, who become more essential members of their villages and towns ( Driouchi, A., Amahroq, F., and Zouag, N., 2005).

## **2. Literature Review**

A few authors conducted their research activities on the "Impact of Micro-Financing on Women Empowerment" and revealed that microcredit is a significant factor contributing to empower women in one way or other (Hashemi, Schuler and Riley, 1996; Hunt. J & Kasyanathan N., 2002; Agha et. al., 2004; Anna K. P. Saraswathy & Panicker K. S. M., 2008; Aruna & Jyothimays, 2011). Micro finance appears to offer a "win-win" solution, where both financial institutions & poor clients, especially rural women in developing countries, will benefit (Mayoux, 2001; Murdoch, 1999). Friedman's (1992) model of empowerment involves local self-reliance, direct participatory democracy and experiential social learning. Page and Czuba (1999) define empowerment as a multi-dimensional social process that helps people gain control over their own lives, a process that fosters power in people for use in their own lives, their communities and in

their society, by acting on issues they define as important. According to the UN 1994 International Conference on Population and Development, women empowerment has five components that include women's sense of self-worth; their right to have and to determine choices; their right to have access to opportunities and resources; their right to have the power to control their own lives, both within and outside the home; and their ability to influence the direction of social change to create a more just social and economic order, nationally and internationally.

Poverty and vulnerability are linked together. Vulnerability can be reduced through increase in income generating activities. In his study on assessing poverty and vulnerability Zaman H. (2009) took 1072 respondents in his sample in Bangladesh. The evidence on reducing vulnerability was somewhat clearer. He found that the provision of micro credit was a factor to strengthen crisis coping mechanism; diversify income earning sources; build assets and improve the status of women. Thirty six villages in Bangladesh showed that membership in any microcredit organization positively linked with women's decision making role; their control over resources and mobility. Microfinance programs are supposed to empower women through increased role of decision-making in the household and community, improved business skills, better incomes, greater self-confidence, and better social acceptance, among others. Women who are participating in the microfinance programs are also assumed to feel less marginalized, and have higher aspirations for their children's education (Moula, F.E., Guotai, C. & Abedin, M.Z, 2013). Suguna (2006) stated that economic empowerment is the initial aspect of women development. The economic empowerment means greater access to financial resources inside and outside the household. It is also linked with reducing vulnerability of poor women in crisis situation like famine, food crisis, riots, death and accidents in the family. Economic empowerment gives women the power to retain income and use it at their own discretion.

In the context of Bangladesh, Pitt et al (2006) discusses that during the last two decades, micro-credit approach has been increasingly incorporated in the development discourse. Specially the credit is given to the women and the popular belief is that women are benefited and empowered and are being acknowledged for having a productive and active role and thus it is the gateway of gaining freedom for themselves.

Mosely, P., & Hulme, D. (1998) estimated the impact of 13 microfinance intermediaries in seven developing countries and the study was one of earlier done across the international boundaries. Their study revealed that for each of the intermediaries, the impact of lending on the recipient household's income increases with the debtor's income and asset position improved.

Leach et. al. (2002) found that micro-credit has succeeded in socially empowering women where economic empowerment could not be possible due to lack of knowledge and understanding among women about business. Puhazhendhi V. and Satya Sai K.J.S. (2001) in their research study found that SHG's have been instrumental in economic and social empowerment of the rural poor. This provided the incentive to take successive loans. Microfinance to rural women has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households.

A number of studies have shown that women may be empowered in one area of life while not in others (Malhotra and Mather 1997; Kishor, S. 2000; Hashemi et al. 1996; Beegle et al. 1998). The escalation of SHGs in India and provision of micro credit to them by banks and microfinance institutions has resulted in improving their participation in society and in governance. Rural women are powerless to work outside their home or beyond their homestead because of family restrictions, social and traditional barriers. Therefore, their potential often remains unutilized or underutilized.

### 3. Objectives of the Research

The objectives of this research are-

- To show how microfinance works, by using group lending methodology for reducing poverty.
- To find out how microfinance affects the living standard and the women empowerment of the rural people of Bangladesh.

#### 4. Research Methodology

In this research paper, we used both primary & secondary data which was collected from various sources. The research was based on the data of the rural population who have been used microfinance services during ten years from 2006-2012 and they belong to Senbagh, Feni, Begumganj of Noakhali district. Total sample size was 109. The data has been collected by door to door by Men and women interviewed through structured questionnaire. The interviews were administered personally as most of the respondents were illiterate and don't know how to read or write. By using these sample data, we run regression analysis to see the how the factors affect the women empowerment in the society. Also, to cover this research, we took the help from different MFIs websites, journals, publications and so many research papers conduct by many scholars about microfinance.

#### 5. Empirical Result and Discussion

This is the most important part of this research paper. We spend most of my time to make this part effective. Before going to the depth, again we recall the relevant information that we had collected by personal interview with the rural men and women who are directly engage with microfinance. We collect total 109 sample data. Using these data we run regression analysis and some hypothesis test. As my research topic is about women empowerment in Bangladesh. But we take the sample of both men and women. Because by selecting both men and women we can easily compare the real scenario of women empowerment. But among them some samples were not completed by necessary information because they really can't understand my questionnaire. We have to skip those questions.

##### 5.1 Demographic variables of the respondents

Table 1: Demographic information of the respondents

Variables	Measuring Group	Frequency	Frequency Percentage (%)
Gender	Male	18	16.5
	Female	91	83.5
	Total	109	100
Age (years)	<25	27	24.8
	25 - 40	71	65.1
	>40	11	10.1
	Total	109	100
Educational Level (in years)	Not at all	23	21
	1-5	51	46.8
	6-10	23	21.1
	>10	12	11
	Total	109	100
No. of Family Members	<2	43	39.4
	4-5	58	53.2
	>5	8	7.3
	Total	109	100
Business Experience Before Joining MFI	Yes	20	18.3
	No	89	81.7

Table-1 provides the information about the gender distribution of the respondents. It shows that 83.5% of the respondents

were female and whereas 16.5% were male. The lion shares of the respondents were women that testify to the fact that most of the beneficiaries of microfinance are female because we have selected people randomly without any bias towards the gender. So that we can justify that there is women empowerment as a result of micro finance.

There are good reasons to target women by MFIs, because gender discrimination is one of the major causes of poverty, slower economic growth, weaker governance and lower standards of living and women are poorer and more disadvantaged than men. However, women contribute decisively to the well being of their family comparatively more than men .97

In terms of age, 65.1% of the respondents were in the age group of 25 to 40 years. 24.8% were less than 25 years of age and remaining 10.1% were 40 years and above .We also classified the respondents in terms of their educational experience. It could affect the way in which they manage and live their daily lives and manage the household and business. From this survey, we realized that many of our respondents had at least basic primary education, which represents 46.8% of our sample, however 21.1% had secondary educational experiences and only 11% had more than 10 years of educational experiences. Rest of the 21.1% had no educational background.

Our analysis shows that 39.4% of respondents had less than two members in their family, which indicates that respondents were either unmarried, or had no children. 53.2% had 2 to 5 members and rest of the 7.3% had more than five members. We tried to find out how many family members each respondent have because a large family size usually has higher expenses than a smaller family. In microfinance field most of the business have sole proprietors. Family members contribute to this small-scale business as additional workers. In table 1, the analysis reveals that 81.7% of respondents had no business experience before joining the MFIs and rest of 18.3% had previous business experiences. It indicates that MFIs are contributing a lot to start the new small-scale businesses as well as in the expansion of old businesses. Therefore, we can see that more than 50% of the respondents were part of the large families, and at the same time higher proportion of the people did not have any business experience before joining MFI. So indirectly, MFIs were able to reach and benefit more people than those formally linked to them, as when they provide the business opportunity to a large family, other members are also benefited naturally.

### 5.2 Source of Startup capital of the respondents

Table 2 and figure 1, shows the source of startup capital of the respondents. 78.9% of total respondents have taken their loan from MFIs. Rest of them have either borrowed money from friends and relatives or have started business from their personal savings. It implies that MFIs is the major source of initial capital and is playing a significant role in helping poor people to start their own business. It is also visible clearly in figure 1.

Table 2: Information regarding source of start-up capital

Variables	Measuring Group	Frequency	Frequency Percentage (%)
Source of Start up capital	Personal Savings	5	4.6
	Friends or Relatives	6	5.5
	Loan from MFIs	86	78.9
	Other Sources	12	11
	Total	109	100

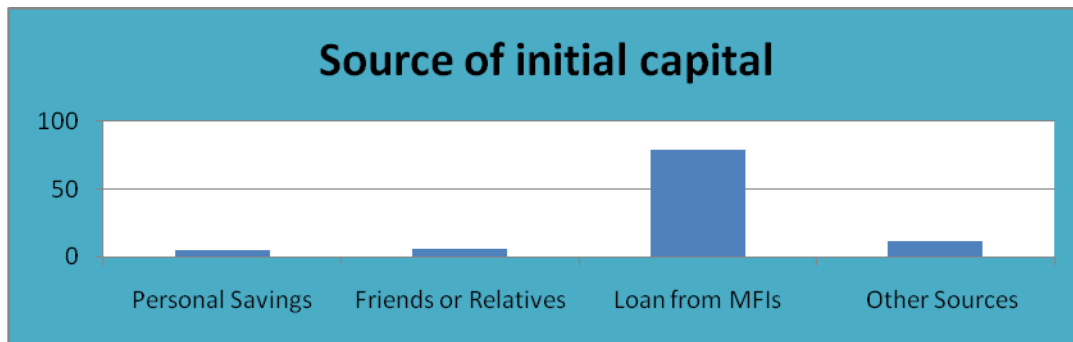


Figure 1: Source of start-up capital

### 5.3 Amount of loan taken from MFIs

In the table 3 and figure 2, we analyzed the loans granted to individuals on three different scales, less than 5 thousand Taka, 5 to 10 thousand Taka and more than 10 thousand Taka. Majority of granted loans, around 90% are within 10000 Taka, which implies that MFIs basically emphasize on micro-credit. Few of respondents also got loan above 10,000 Taka, which goes into another criteria of loan offered by MFIs. Indirectly, the result shows the lack of sufficient capital to start up a medium-scale business due to less amount loan offered by MFIs.

Table 3: Amount of loan granted by MFIs

Characteristics	Measuring Group	Frequency	Frequency Percentage (%)
Amount of Loan Received from MFIs ( in thousand Taka)	<5	38	34.9
	5-10	60	55
	>10	11	10.1
	Total	109	100

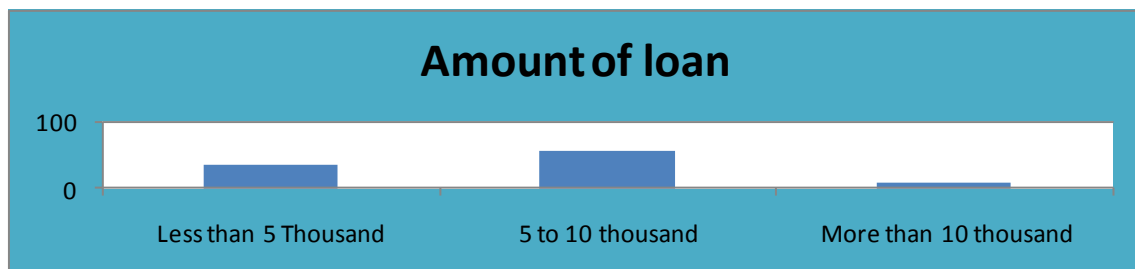


Figure 2: Amount of loan taken from MFIs

### 5.4 One sample statistics and T-test of different variables

The following table (4) displays the mean, standard deviation and standard error mean for four variables, procedure of loan taking, operational assistance, employment opportunity and reasonability of interest rate of micro credit. All the variables show the satisfaction level to be more than average level of satisfaction (2.5).

Table 4: General Descriptive Statistics

Variables	N	Mean	Standard Deviation	Standard error mean
Reasonability of Interest Rate of Micro- Credit	109	2.96	1.009	0.097
Procedure of Loan	109	4.01	0.726	0.070

Taking				
Operational Assistance	109	3.39	0.891	0.085
Employment Opportunity	109	2.86	0.938	0.090

Table 4, shows mean and standard deviation for the satisfaction level for employment opportunity, here we can see that the mean value is little above the midpoint of scale of satisfaction. We took the null hypothesis to be equal to 2 (i.e. people on average are less than satisfied). The t-test statistics for the statement “employment opportunity has increased” is 9.603 and the significance level 0.000. This means that null hypotheses is rejected and the alternative hypotheses is accepted significantly. We can conclude our decision from the analysis that due to the microfinance activities people feel that the employment opportunity of borrower has increased but not so highly, which is also indicated in table 8.

To examine the statement, interest rate of micro-credit is reasonable or not, we developed hypotheses and agreed upon the level of significance for rejecting/accepting the hypothesis. Survey respondents indicated their perceptions using the scale, with 5 = strongly agree and 1 = strongly disagree.

We took the null hypothesis (H0) to be, borrowers are less satisfied than the average level of satisfaction (2.5), in terms of the interest rate of micro credit.

Therefore, the alternative hypothesis (H1) is the borrowers are satisfied more than the average satisfaction level.

Table 5: One-Sample t-Test

Characteristics	Test Value	T-Statistics	Degree Of Freedom	Significance Level	Mean Difference	95% Confidence Level	
						Lower	Upper
Reasonability Of Interest Rate Of Micro-Credit	2	9.972	0.000	0.000	0.963	0.77	1.15
Procedure Of Loan Taking	3	14.504	108	0.000	1.009	0.87	1.15
Operational Assistance	3	4.513	108	0.000	0.385	0.22	0.55
Employment Opportunity	2	9.603	108	0.000	0.862	0.68	1.04

The analysis in the table 5 demonstrates that the null hypothesis is rejected and it is strongly significant. So our results are in favor of alternative hypotheses. This means that the satisfaction level of the respondents, about the interest rate of micro-credit, is more than average satisfaction level. From this research, we can conclude that the level of average



satisfaction is quite high.

To examine the statement ‘the procedure of obtaining loans from MFIs is easier or not than conventional banking’. We developed statistical test to check the comfort level of the people in obtaining the loans from MFIs in comparison to the traditional banking.

We took null hypothesis (H0) considering the procedure of obtaining loans from MFIs, is not easier than conventional banking.

The alternative hypothesis (H1) is the procedure of obtaining loans is easier than conventional banking.

From the above table we can draw conclusion that our null hypotheses will be rejected because the mean level of obtaining loan procedure compared to conventional banking is above 4 and it is statistically strongly significant.

So our decision will go in favor of alternative hypotheses which indicate that people think loan taking procedure from MFIs is easier than traditional banking.

However, the mean level of operational assistance from respondents according to degree of satisfaction with five-scale ranking is 3.39. We assumed that our null hypothesis is the mean response to operational assistance is 3. The t-test statistics for operational assistance is 4.513 and the significance level is 0.000. This means that the null hypothesis is rejected and the alternative hypotheses accepted with a high level of confidence. From a practical standpoint, the result of the univariate hypothesis test indicates that respondents felt operational assistance from MFIs was helpful to run the business.

#### 5.5 Relationship between the increase of income and the increase of savings

Table 6: Correlation test between the income and saving

		Increase of income	Increase of savings
Increase of income	Pearson Correlation	1	0.600(**)
	Sig. (1-tailed)		0.000
	N	109	109
Increase of savings	Pearson Correlation	0.600(**)	1
	Sig. (1-tailed)	0.000	
	N	109	109

\*\* Correlation is significant at the 0.01 level (1-tailed).

Generally, People take the loan to change their economic condition by operating business or investing in other activities. After maintaining expenditure, they try their best to save because they think savings would be their future hope to improve their financial status as well as improve their living standard. Therefore, we tried to find out the relationship between increase of income and increase of saving using the Pearson correlation test. With SPSS, we computed a Pearson correlation test between two variables increase of income and increase of savings. In this regard, our null hypothesis is that no relationship exists between the level of income increase and the level of savings increase. In contrast, the alternative hypothesis is relationship exist between increase of income and increase of savings. The above table demonstrated that our null hypothesis is rejected and it is statistically significant and the relation between these two variables is strongly positive. We can conclude that people, who were able to increase their income by taking loan from MFIs, also were able to increase their savings.

### 5.6 Regression Analysis

To run the regression analysis, first we run a single constant and dependent variable regression analysis. Then we run a multiple regression analysis. There we use multiple variables and dependent variables. We denote “Y” as a dependent variable and “X1, X2, X3” as constant or independent variables.

a) Regression analysis between increase of income and Women empowerment

Here,

Women empowerment in decision making process is dependent variable & denote as (Y)

Increase of income in constant and denote as (X)

Table 7: Regression Analysis between increases of income Women empowerment in decision making process (model summary)

Model Summary				
Model	R	R Square	Adjusted R square	Std. Error of the estimate
1	0.342(a)	0.117	0.109	0.783

a) Predictors: (Constant), increase of income (X)

b) Dependent Variable: Women empowerment in decision making process (Y)

Table 8: Regression Analysis between increase of income and Women empowerment in decision making process (ANOVA)

ANOVA						
Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	8.704	1	8.704	14.191	0.000(a)
	Residual	65.626	107	0.613		
	Total	74.330	108			

a) Predictors: (Constant), increase of income (X)

b) Dependent Variable: Women empowerment in decision making process (Y)

Table 9: Regression Analysis between increase of income and Women empowerment in decision making process (coefficient values)

Coefficients					
Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.

1	(Constant)	1.755	0.386		4.542	0.000
	Increase of income	1.388	0.103	0.342	3.767	0.000

a) Dependent Variable: Women empowerment in decision making process (Y)

b) Predictors: (Constant), increase of income (X)

From the above regression analysis, we tried to find out the impact of increase of income on the women empowerment in the role of decision-making process in a family.

Here our null hypotheses is that,

H0 There is no relationship between the increase of income and the role in decision making process in a family.

H1 Alternative hypothesis states that there is a relation between the increase of income and the increase of role in decision making process.

We used the SPSS software to obtain the calculations. The results of regression analysis are shown in the above table 9. The table labeled Model summary shows that R square for the regression model is 0.117. R square shows the amount of variation in one variable that is accounted for by another variable. In this case respondents perceptions of income increase account for 11.7 percent of the total variation in the increase role in decision-making process of women in the family. The ANNOVA table shows the F ratio for the regression models. This statistics assesses the statistical significance of the overall regression models. Larger the F ratio, the more variance in the dependent variable is explained by the independent variable. The F ratio 14.191 indicates the model is highly significant at the 0.000 level.

From the regression coefficient table, the column labeled “Unstandardized Coefficients” reveals the unstandardized regression coefficient for increase of income, as 0.388. The t test tells us whether the regression coefficient is different enough from zero to be statistically significant at the level (0.000).

According to above analysis, our null hypothesis is rejected, which indicates that the relationship exists between these two variables that can be seen in the above observed cumulative probability curve.\

b) Multiple regression analysis between different variables related to women empowerment in terms of improvement of living

Here,

Dependent Variable: Improvement in living standard and women empowerment (Y)

Better access to education of child, (X1)

Better access to healthcare of family members (X2)

Better financial situation (X3)

Table 10: Descriptive Statistics of different variables related to living standards and women empowerment.

	N	Mean
Improvement in living standard and women empowerment	109	4.22
Better access to education	109	4.27
Better access to healthcare	109	4.31
Better financial situation		

Valid N (list wise)	109	3.08
	109	

In table 10, the descriptive statistics shows the means of the variables in the regression analysis. It can be noticed that the means for Independent variables excess, to education (4.27), excess to health care (4.31) and better financial situation (3.08), all are above the mid-point of the 5-points satisfaction scale and therefore it shows the positive perceptions of the people about these attributes.

Table 11: Regression analysis between improvement of living standards and different variables (model summary)

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	0.655(a)	0.429	0.413	0.565

Predictors: (Constant), better financial situation, better access to healthcare, better access to education

Dependent: women empowerment in terms of improvement in living standard

Information in the Model summary table indicates that the value of R-square for the model is 0.429. This means that 42.9 percent of the variation in the improvement of living standards of family (dependent variable) can be explained from the three independent variables. In general, R square always increases as independent variables are added to a multiple regression model. To avoid overestimating the impact of adding an independent variable to the model, some analysts prefer to use the adjusted R-square value (it recalculates the R-square value based on the number of predictor variables in the model). This makes it easy to compare the explanatory power of regression models with different numbers of independent variables. The adjusted R-square for the model is 0.413, which indicates only a slight overestimate with the model.

Table 12: Regression analysis between improvement of living standards and different variables (ANOVA)

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	25.183	3	8.394	26.285	0.000(a)
	Residual	33.532	105	0.319		
	Total	58.716	108			

a) Predictors: (Constant), better financial situation, better access to healthcare, better access to education

b) Dependent Variable: women empowerment in terms of Improvement in living standard

The overall regression results are shown in the ANOVA table (12). The regression model is statistically significant (F ratio=26.285, probability level 0.000). The probability level 0.000 means that the chances are almost zero that the results

of regression model are due to random events instead of a true relationship.

Table 13: Regression analysis between improvement of living standards and different variables (coefficients)

Coefficients					
Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1.299	0.364		3.564	0.001
Better access to					
Education	0.262	0.103	0.240	2.553	0.012
Better access to					
Healthcare	0.192	0.082	0.218	2.354	0.020
Better financial					
Situation	0.316	0.069	0.369	4.546	0.000

a) Dependent Variable: women empowerment in terms of improvement in living standard

In the above table, we consider improvement in the living standard of family as dependent variable and better access to education, better access to healthcare, better financial situation of the family as independent variables.

Here is our null hypothesis state that there is no relationship between improvement in the living standard of family and better access to education, better access to healthcare and better financial situation of the family and the women empowerment.

Where are the alternative hypotheses states that better access to education, better access to healthcare and better financial situation in the family are related to the improvement in the living standard of the family and the women empowerment?

Information provided in the Coefficients table tells us, which of the independent variables are significant predictors of improvement in the living standard of family. In the significance column, we have noticed that beta coefficients for access to education, access to health care and better financial situation in the family are all significant. Using the beta coefficient for better financial situation in family, for example, we can conclude that every time the financial situation in the family increase by 1 unit, improvement in the living standard of family will increase on average by 0.369 units, when the other variables are held constant. Information in the coefficients tables reveals that better financial situation in the family is the most significant predictor of improvement in the living standard of family, with a high beta coefficient 0.369 (probability of 0.000).

## 7. Findings & Recommendation

The gender-based impact of microcredit needs also to be exposed to demonstrate the improvement of women's control over loans and their bargaining position after access to microcredit. Being members of solidarity groups

who form prior to benefiting from the loans, the microcredit beneficiaries manages to not only empower themselves financially but also socially. In other words, microcredit has both direct and indirect impacts on its users. For the direct impacts, they are financial in the sense that women manage to start their own income generating activities or promote their pre-established enterprises, which most often enables them to become financially autonomous.

The analysis of data using the survey we had done, demonstrates that almost 84% clients of MFIs are women and most of them just had primary education. Most of the women started their business by taking loan from MFIs as compared to other sources. They were able to increase their income and provided not only with the financial help to their families but also had positive impact on other factors of daily life. These poor women brought about a positive change to their financial and social situation and started taking active part in the decision making process of the family and society. The results obtained from our analysis regarding the success of increasing role in decision making process in the family, reveals that microfinance schemes are highly associated to build up of social and economic empowerment. So we can say that there is women empowerment due to micro financing.

As to the indirect impacts of microcredit, they are non-financial and related to all the benefits that are generated by the improvement of the financial situation of the woman. These indirect impacts could be related to the improvement of their social status indoors and outdoors. This social empowerment is engendered by women's behavioral changes, which occur as a result of the transfer of new knowledge and skills, and the development of solidarity among women involved in income-generating projects. The personal empowerment of microcredit beneficiaries is hence defined as the ability of women to make decisions in various project activities (Maimunah Ismail 2001). Women's empowerment is also embodied by the enhancement of their participation in decision making in the household.

After analyzing whole the research we have found that, there are still some problems regarding micro financing in Bangladesh. Especially for women, there still prevail some problems. So we have some recommendation about this. The recommendation may be useful to microfinance institutions to strengthen and expand their support to rural poor women. Microfinance institutions should conduct usual meeting with the beneficiaries to make them aware about the use of loan in proper business. Govt. and NGOs, on the basis of the study findings, may formulate its policy to empower rural women socially and economically. Based on the above conclusions, the following recommendations are suggested:

- Microfinance institutions should try to extend more credit facilities to clients to expand their businesses since the research results confirmed that microfinance had a positive impact in empowering rural women.
- Microfinance institutions should provide training programs to rural women to improve women's entrepreneurial skill and reduce the problems which hinder their access to microfinance.
- Govt. should grant tax exemptions and other incentives to the organizations which seek to extend credit facilities to rural women as a way of encouraging them to run small scale business.
- Government should frame a policy which may motivate Grameen Bank, non local donor agencies and Non Government Organization (NGO) to conduct micro finance activities freely and fairly and new NGOs may be invited to launch microfinance programmes in Bangladesh.
- An independent arrangement should be made to develop association between local MFIs and international MFIs.
- Loud and clear message should be communicated to the people to adopted MFIs services because rate of return is greater than traditional banks.
- Reasonable funds by Government and State Bank of Bangladesh should allocate for microfinance programmed, specifically for the poor needy and business oriented women.
- Gender discrimination should be removed through the legislation and level play opportunity in employment and microfinance should be given to women.
- A policy should be frame to have an access and control over physical and financial assets like credit, innovation and

technology.

- Effective initiative should be taken to eradicate all types of internal and external violence against female.

## 8. Scope for Further Research

The current research was based on small sample size taken from only few villages of Noakhali district of Bangladesh. Therefore, the results cannot be generalized to other district of Bangladesh especially in the analytical terms. Further research done on a bigger scale with large sample size could shed light on how microfinance activities affect in women empowerment in Bangladesh.

The current research did not consider the reasons of motivation to join the microfinance program. Another area that has not been investigated is the difficulties that the borrowers face to repay the loan. These areas deserve to be studied by future researchers in the field.

There is also another field, which is neglected in our research that the supply gap of MFIs. Actually, to what extent the MFIs are capable to deliver their service to the poor people. Further research could be conducted in this area and for finding the reasons for the gap between demand and supply in terms of microfinance services.

## 9. Conclusion

Everything has some positive and negative impact of its own. Just like, micro financing has some positive and negative impact too. But after completing my research, we can conclude that the positive result of micro financing is very high. Especially the rural women can empower themselves by self-employment, income, decision making in family and so on. In this research was an attempt to know about the utilization of microcredit in income generating activities by rural women and its impact on their socio-economic empowerment through measuring the self esteem, business skills, confidence level, decision making power, etc. After data analysis the researcher has concluded that most of the females who availed the facility of microcredit finally got socio-economic empowerment. A dramatic change has been brought about due to the microfinance in Noakhali district. Microfinance provides opportunity to female keeping involved in economic and trade activities by self business, which enhances women empowerment at a visible extent, pronouncing a positive impact on education, share in total assets and respectable jobs, leading to the higher living standard, rich nutrition and economic prosperity and development. So at the end it may be concluded that microcredit is positively linked with the up lift of socio-economic empowerment of working women at district Noakhali in Bangladesh. Economy of Bangladesh has shown rapid growth few years ago but at the moment the economic situation is same as it was, therefore some other options and opportunities should be availed to keep the sustainable growth. Microfinance is recommended as a part of economic growth which may lead to women empowerment and reduce the level of poverty.

## References

- Agha, S., Balal, A., and Ogojo - Okello, Francis.(2004),“The Impact of Microfinance Programs on client Perceptions of Quality of care provided by private sector Midwives in Uganda”, *Health Service Research*, 39(6pt2): 2081-2100.
- Aruna, M. (2011). "The role of microfinance in Women Empowerment: A study on the SHG Bank Linkage Program in Hyderabad". *The Indian Journal of Commerce and Management Studies*. Vol. II, Issue - 4, May, pp. 77-95.
- Beegle, K., Elizabeth F. and Duncan T. (1998). “Bargaining power within couples and use of prenatal and delivery care in Indonesia.” *Studies in Family Planning* 32(2):130.
- Chowdhury, J., (2009), “The Role of Micro-Credit in Alleviation of Poverty: A Study of the Grameen Bank in Bangladesh, A publication of University of Dhaka, Vol. 13, pp. 45 – 52.”

- Driouchi, A., Amahroq, F., and Zouag, N., (2005), "Women Empowerment through Microcredit in the Rural Areas of Khénifra, A Microcredit Case Study on Oued Srou Association of Microcredit (AMOS), The Institute of Economic Analysis and Prospective Studies, Vol. 3, pp.12-16."
- Friedmann, J. (1992). Empowerment. The politics of alternative development. Cambridge: Blackwell.
- Hashemi S., Schuler S., and Riley, A. (1996), "Rural Credit Programs and Women's Empowerment in Bangladesh", World Development, Vol.24, No.4, pp.635-653.
- Hunt, J & Kasynathan, N. (2002). "Reflections on microfinance and women's empowerment", Development Bulletin, No. 57, pp. 71-75.
- Hubka, A.; Zaidi, R. (2005), "Impact of Government Regulation on Microfinance", World Development Report: Improving the Investment Climate for Growth and Poverty Reduction."
- Khan, A., (2008). "Tackling the Failure of Microfinance Efforts Through amalgamating Charity: Two Variable Alternatives in the Context of Pakistan, Australasian Accounting Business & Finance Journal, Vol. 3, p. 96."
- Kavitha N. (2017). "Overview of Microfinance for Women in India." Retrieved from [http://www.indianmba.com/Faculty\\_Column/FC558/fc558.html](http://www.indianmba.com/Faculty_Column/FC558/fc558.html).
- Kishor, S. (2000). Women's contraceptive use in Egypt: What do direct measures of empowerment tell us? Paper prepared for presentation at the annual meeting of the Population Association of America, March 23-25, 2000, Los Angeles, California.
- Page, N. and Czuba, C.E. (1999). Empowerment: What Is It? Journal of Extension, October, Vol. 37, No. 5.
- Rahman, H., (1995), "Mora Kartik: Seasonal deficits and the vulnerability of the rural poor, In H. Rahman, & M. Hossain (Eds.), Rethinking rural poverty Bangladesh as a case study, Dhaka: University Press Limited Vol. 12, pp. 65 – 76."
- Suguna, B., (2006), "Empowerment of Rural Women through Self Help Groups Discovery Publishing House, New Delhi, pp. 35 – 45."
- Murray, U., Boros, R. (2002), "A guide to gender sensitive microfinance, the socio-economic and gender analysis (SEAGA) programme, FAO."
- Mayoux, L. (2001). Tackling the down side: Social Capital, Women's Empowerment and Micro-finance in Cameroon. Development and Change. 32: 435-464.
- Murdoch, J. (1999). The Microfinance promise. Journal of Economic Literature, 37: 4, 1569-1614.
- Malhotra, A. and Mather, M. (1997), Do Schooling and Work Empower Women in Developing Countries? Gender and Domestic Decisions in Sri Lanka., Sociological Forum, Vol.12, No.4, pp. 599-630.
- Moula, F.E., Guotai, C. & Abedin, M.Z. (2013). Women Empowerment through Micro Credit: A Case Study of Dinajpur, Bangladesh, vol. 8, issue 2, pages 5-19.
- Mosely, P., & Hulme, D. (1998). Microenterprise Finance: is there a conflict between growth and poverty alleviation. World Development, 26 (5), 783-790.
- Leach, F. and Sitaram, S. (2002). "Microfinance and Women's Empowerment: A Lesson from India", Development in Practice, 12(5): 575-588.
- Puhazhendhi V. and Satya Sai K.J.S. (2001), "Economic and Social Empowerment of Rural Poor through Self Help Groups", Indian Journal of Agricultural Economics, 56 (3) July-Sept, 450-451.
- Pitt, M.M., Shahidur, R.K., and Jennifer, C., (2006), Empowering Women with Micro Finance: Evidence from Bangladesh, Economic Development and Cultural Change, Vol. 54, no. 4, pp. 791-831.
- Saraswathy, Anna.K.P. and Panicker, K.S.M. (2008). "Microcredit and women empowerment: A study in India."



International Journal of global Business, 1(1), pp. 184-213.

Seibel, Hans D. (October 2005). "Does history matter? The old and new World of Microfinance in Europe and Asia".

Paper presented at: From Moneylenders to Microfinance: Southeast Asia's credit revolution in institutional, economic and cultural perspective, An interdisciplinary workshop, Asia Research Institute, Department of Economics and Department of Sociology, National University of Singapore.

Shahidur, R. K. (1998). Credit Programs for the Poor and Nutritional Status of Children in Rural Bangladesh." PSTC Working Paper 98-01. Brown University, Population Studies and Training Center, Providence, R.I.

Hashemi, S.M., Sidney R.S., and Ann P. R. (1996). "Rural credit programs and women's empowerment in Bangladesh." World Development 24(4):635-653.

Zaman, H. (2009). Assessing the Poverty and vulnerability Impact of Micro-Credit in Bangladesh: A Case study of BRAC. Washington, D.C.: The World Bank.

## Appendix

### Appendix A : Questionnaire

1. What is your gender?  
☐ Male ☐ Female
2. What is your age?  
☐ Less than 25 years ☐ (25-40) years ☐ 40 and above
3. Do you have any educational experience?  
☐ Not at all ☐ (1-5) Years ☐ (6-10) Years ☐ More than 10 Years
4. How many family members do you have?  
☐ Less than 2 members ☐ (2-5) Members ☐ More than 5 Members
5. Did you have any business experience before entering this program?  
☐ Yes ☐ No
6. What is the source of your initial capital?  
☐ Personal Savings ☐ Friends and relatives ☐ Loan from MFIs ☐ Others
7. What amount of loan you have received as a help from any of the MFIs in Bangladesh (Amount in Bangladeshi Taka)?  
☐ Less than 5 thousand ☐ (5-10) thousand ☐ More than 10 thousand
8. The numbers of following table indicates the degree of satisfaction or agreement level (on a scale of 1-5\*) of the household or a person after he or she has received loan from a microfinance institution. Please circle the number, which accurately reflects your opinion.

The rate of interest of micro credit is reasonable	Strongly disagree		Strongly agree	
	1	2	3	4
The procedure of obtaining loans from MFIs is easier than conventional banking	Strongly disagree			Strongly agree
The income has increased	1	2	3	4
The savings has increased	Strongly disagree			Strongly agree
Better access to education of children	1	2	3	4
Better access to healthcare	Strongly disagree			Strongly agree
Better Financial situation of the family	1	2	3	4

Role in decision making process has increased	Strongly disagree		↔	Strongly agree	
Operational assistance received from MFIs was helpful to run the business	1	2	3	4	5
Employment opportunities have increased	Strongly disagree		↔	Strongly agree	
Improvement in the living standard of the family	1	2	3	4	5
Actually women empowerment is happening due to micro finance	Strongly disagree		↔	Strongly agree	

‘1’ represents the lowest level of satisfaction or high disagreement, whereas

‘5’ represents the highest level of satisfaction or high agreement

### Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.